



Understanding the City's Budget

The Proposed FY 2005 Budget for the City of Lynchburg includes the General, Schools, Capital, Airport, Water, Sewer, and Solid Waste Management Funds, as well as other minor funds and totals \$214 million. The Proposed Budget is prepared by the City Manager and presented to City Council for their deliberation and final decision.

In his budget message to City Council, City Manager Kim Payne wrote, "The proposed budget is a radical departure from past budgets in that it calls for both significant increases in local taxes and reductions in services to the citizens of Lynchburg. It offers no general salary increases for City or School employees and proposes a reduction in the size of the City workforce. At best, the budget attempts to maintain critical core services while cutting costs wherever possible."

The projections for FY 2005 indicated generally flat revenues when compared with FY 2004 revised estimates. Gains in the Real Property Tax from the biennial reassessment in 2003 were expected to be offset by reductions in other areas such as Personal Property Tax, Machinery and Tools Tax, and Charges for Services. Overall, revenues for FY 2005 were projected to increase by just over one percent (1.1%), or \$1.4 million, from the current year's revised estimate.

Once anticipated revenues and combined expenditure requests were compiled, there was a gap of \$17 million. General Fund expenditure requests of \$139 million compared to \$122 million in expected revenues.

The gap can be explained by the following expenditure needs or requests beyond the current fiscal year:

- \$1.7 million increase in VRS retirement and group life insurance for City employees
- \$650,000 increase in health and dental coverage for City employees and retirees
- \$1.8 million increase in VRS payments for School employees
- \$200,000 increase in health and dental coverage for School employees
- \$1.0 million for police and firefighter pay increases previously approved by City Council
- \$2.6 million in additional debt service (*General Fund & Schools*)
- \$3.0 million in General Fund requests for non personnel spending (*<3% increase from FY04*)
- \$1.7 million for pay-as-you-go capital projects
- \$3.2 million in additional local funding requested from Schools
- \$500,000 for requested new positions, salary adjustments, and related personnel costs
- \$200,000 for the new storm water management program (a federal mandate)
- \$200,000 in additional support for the Greater Lynchburg Transit Company (GLTC)
- \$400,000 for vehicle fleet replacements

The first six items above, related to increased benefits costs, previously approved salary adjustments, and debt service, totaling \$7.95 million, are unavoidable and present a significant challenge in the face of minimal revenue growth. This is the hard deficit that will take strong action to overcome.

In balancing the Proposed FY 2005 Budget the following decisions were made.

Expenditure Adjustments

- Reduction of pay-as-you-go capital projects (\$2.5 million)
- No funding of the proposed 3% salary increase for School employees (\$1.2 million)
- Additional reduction to the School's request (\$1 million)
- Debt Service savings (\$900,000)
- The elimination of 25 General Fund positions (\$750,000)

- The elimination of proposed Information Technology projects (\$650,000)
- Reduction in General Fund overtime (\$500,000)
- Reduction of the General Fund Reserve for Contingencies Account (\$400,000)
- Reduction of the Economic Development Reserve (\$300,000)

- No funding of requests for 5 new positions (*Animal Warden, Buildings and Grounds, Information Technology, Police*), filling a frozen position (*Clerk of the Circuit Court*), or the conversion of positions from wage to full-time (*Juvenile Services, Procurement, Streets*) (\$241,000)

- Reduction of the Reserve for Snow, Streets & Bridges (\$250,000)

- Provide no new funding for the storm water management program (\$220,000, includes two positions)

- Postpone GIS Aerial Photography (\$200,000)

- Reduction of fleet vehicle replacements (\$200,000)

- Reduction from a re-evaluation of the anticipated health insurance cost increase (\$145,000)

- Reductions in Library services (including 5 full-time equivalent positions) to the minimum required to receive State funding (\$140,000)

- Reductions in Parks & Recreation programs including the conversion of 4 full-time positions to part-time (\$135,000)

- Reduction of the transfer to GLTC through a fare increase & service reduction (\$136,000)

- The elimination of discretionary non-profit funding (\$115,000)

- Reductions in non-personnel costs in the Lynchburg Police Department (\$110,000)

- Defer VRS payments until after the initial employment period (\$100,000)

- Reductions in Social Services including a net reduction of 4.94 full-time equivalent positions (\$96,000 net savings)

- Reduction of the General Fund transfer to the airport (\$43,000)

- Reductions in Juvenile Services including the conversion of one full-time position to part-time (\$58,000)

- The elimination of the City's contribution towards the renovation of the James T. Davis Building into loft apartments (\$450,000); funding to be provided from existing reserves and the FY 2004 Reserve for Contingencies

- The elimination of the Citizens First Coordinator position (\$66,000)

Altogether, these expenditure reductions total \$12.5 million.

Revenue adjustments totaling \$6.3 million also are included in the proposed budget for Council's deliberation:

- \$0.07 increase in the Real Property Tax rate to \$1.18 (\$2.2 million): *This would replace state funding lost over the last two years and help offset other anticipated reductions in education funding*

- Increase the Meals Tax Rate from 6% to 7%








- Increase the Personal Property Tax rate from \$3.30 to \$4.00: *The City Manager proposed an increase from \$3.30 to \$3.50. City Council asked that the FY 2005 rate be advertised for public hearing at \$4.00.*

- Increase the Amusement Tax from 5% to 10%
- Increase the Motor Vehicle Decal Fee to the allowable maximum

- Utilize an anticipated FY 2005 reimbursement from the Blue Ridge Regional Jail Authority due to a lower inmate count than expected in FY04
- Increase EMS transport fees and mileage charges to the maximum allowed

Over the next month, City Council will be making decisions regarding the FY 2005 budget. Lynchburg citizens are encouraged to become involved in the budget process. The Budget Public Hearing is scheduled for **Tuesday, April 6 at 7:00 p.m., Heritage High School auditorium.**

Proposed City Tax Increases FY 2005

Impact on Homeowners with a Family of Four		Current Tax	Proposed Tax	Increase to Average Taxpayer Per Month	Increase to Average Taxpayer Per Year
Real Property					
	Current rate \$1.11/\$100				
	Proposed rate \$1.18/\$100				
Based upon residential property assessment \$125,000 ¹		\$1,387.50	\$1,475.00	\$7.29	\$87.50
Personal Property					
Current rate \$3.30/\$100		The City Manager proposed an increase from \$3.30 to \$3.50. City Council asked that the FY 2005 rate be advertised for public hearing at \$4.00.			
Proposed rate \$4.00/\$100					
Based upon: ²					
Average assessed value of a Sports Utility Vehicle \$20,000					
	100% Tax	\$660.00	\$800.00		\$140.00
	70% State Payment ³	\$462.00	\$462.00		n/a
	30% Local Taxpayer Payment	\$198.00	\$338.00	\$11.67	\$140.00
Average assessed value of a sedan \$12,000					
	100% Tax	\$396.00	\$480.00		\$84.00
	70% State Payment ³	\$277.20	\$277.20		n/a
	30% Local Taxpayer Payment	\$118.80	\$202.80	\$7.00	\$84.00
Motor Vehicle Decal Fees for vehicles less than 10,000 lbs. ⁴					
	Current rate \$25.00 (less than 10,000 lbs.)	\$25.00			
	Proposed rate \$29.50 (less than 4,000 lbs.)		\$29.50	\$0.38	\$4.50
	Proposed rate \$34.50 (greater than 4,000 but less than 10,000 lbs.)		\$34.50	\$0.79	\$9.50
Admissions Tax ⁵					
	Current rate 5% on four movie tickets at \$7.75 per ticket (tax included)	\$1.48			
	Proposed rate 10% on four tickets at \$7.75 per ticket (tax included at 5%)		\$2.95	\$0.74	\$8.86
Meals Tax ⁶					
	Current rate 6% on restaurant meal at \$60 per week (4 times/month)	\$14.40			
	Proposed rate 7% on restaurant meal at \$60 per week (4 times/month)		\$16.80	\$2.40	\$28.80
Water & Sewer Rates					
	Water rate for most residential users	\$1.67	\$1.75	\$1.56	\$18.72
	Sewer rate for most residential users	\$4.42	\$4.60	(Combined increases for both water and sewer)	
Total Estimated Tax Increase for homeowners with a family of four				\$52.11	\$518.38

All assumptions based upon a family of four who own a home and two vehicles; one a SUV and the other a sedan.

¹ Per City Assessor 82% of residential homes are assessed at \$124,999 or less.

² Per Commissioner of Revenue records citing average assessed value for a newer, moderate style vehicle.

³ Commonwealth will only reimburse the City 70% of the \$3.30/\$100.

⁴ Increase based on maximum allowable charge per State of Virginia Code.

⁵ Attendance to Movie Theatre every 2 months (6 visits/year) with a ticket price of \$7.75 per person (\$31 per family tax included at 5%)

⁶ Based upon an average meal for a family of four at medium range restaurants for \$60.00 before sales tax (4.5%) and current meals tax (6%) with a frequency of once a week (4 times a month).

Budget Public Hearing

Lynchburg City Council will conduct a Budget Public Hearing on **Tuesday, April 6 at 7:00 p.m. at Heritage High School auditorium.** The auditorium is handicap-accessible.

City staff will be available to answer questions about the budget beginning at 5:30 p.m. Citizens may sign up to speak before City Council beginning at 6:00 p.m. A group representative may speak for up to 5 minutes and individuals may speak for up to three minutes.

The Greater Lynchburg Transit Company (GLTC) will provide bus service to Heritage High School. GLTC will have one extra trip on the regular Route 6 bus, leaving the Plaza at 6:15 PM, and arriving at Heritage High School at 6:55 PM. GLTC will start 30 minute shuttles from Heritage to the Plaza Transfer Center starting at 8:30 PM, and run until 10:00 PM.

If you want to learn more about the City Budget you are encouraged to go to www.lynchburgva.gov to view the document in its entirety or stop by the Lynchburg Public Library at 2015 Memorial Avenue or its branch at 900 Church Street in City Hall.

The Budget Public Hearing will not be broadcast live on Cable Channel 7, but will be shown on April 7 at 9:00 p.m., April 8 at 1:00 p.m. and 9:00 p.m., and April 9 at 1:00 p.m.

Boards & Commissions Vacancies

Volunteerism and citizen participation is perhaps most evident on the government level. Hundreds of concerned citizens volunteer their time each year to assist the City in finding solutions to problems, effecting positive change, and planning for the future.

Lynchburg City Council maintains a strong commitment to citizen participation as evidenced by the large number of Boards, Commissions, and Committees established by City Council. Some have special membership requirements but most do not. All appointees are required to take an oath of office.

The boards and commissions provide valuable service to the City. The City Council is grateful to the many dedicated citizens who volunteer their time to serve as members of these groups.

Vacancies available for June appointments:

- **Youth Services Citizens Board**
3 vacancies (2 eligible to serve again)
- **City Employees Appeal Board**
2 vacancies (1 eligible to serve again)

- **School Board**
3 vacancies (2 eligible to serve again)
- **Dr. Martin Luther King, Jr. - Lynchburg Community Council**
4 vacancies
- **Industrial Development Authority Board**
2 vacancies
- **Library Advisory Committee**
7 vacancies
- **Museum Advisory Board**
4 vacancies (1 eligible to serve again)
- **Historic Preservation Commission**
2 vacancies (1 eligible to serve again)
- **Tourism Advisory Committee**
2 vacancies (both eligible to serve again)

NOTE: Although some individuals are eligible to serve another term, there is no guarantee that the individual will be re-appointed.

If you are interested in being considered for appointment, please contact the Clerk of Council at (434) 455-3982 for an application or print an application from the City's website at:

www.lynchburgva.gov/council_manager/index.htm